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VICE CHAIR, CONGRESSIONAL CAUCUS FOR  
WOMEN'S ISSUES

SECRETARY, CONGRESSIONAL BLACK CAUCUS

SENIOR WHIP

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-2214**

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HOUSE OVERSIGHT AND  
GOVERNMENT REFORM COMMITTEE  
SUBCOMMITTEE ON GOVERNMENT OPERATIONS

February 12, 2018

The Honorable Gene Dodaro  
Comptroller General of the United States  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Dodaro:

We write concerning the administration and effectiveness of Public Law 115-97, the tax law enacted on December 22, 2017, formerly known as the Tax Cuts and Jobs Act,<sup>i</sup> in particular its potentially unequal and detrimental effects on women-headed households.

We are concerned this tax plan will disproportionately tax women over time because they represent a large proportion of breadwinners in middle-class and low-income households. Under the new law, taxes are expected to increase for these brackets by 2027, while tax cuts are skewed toward wealthier families. The law could also significantly affect the distribution of the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC), disadvantaging low-income families. It is likely that many of the families hurt by this law will have women heads of household. However, because there is limited tax data on women breadwinners, and this law was hastily enacted without full studies of its consequences, we need more information to understand how the tax law could hurt women-headed households. We ask that you study its impacts on women-headed households and examine whether the Treasury is taking the concerns of women into account as it implements the law.

Preliminary studies indicate the tax law over time would increase tax burdens on lower-income families, in which women are often heads of household. By 2027 33 percent of taxpayers in the lowest quintile and 70 percent in the middle quintile would see a tax increase, while 76 percent of taxpayers in the top 1 percent would see a tax cut.<sup>ii</sup> Female-headed households are concentrated in the lowest income quintile, with 70 percent of mothers in this quintile working as primary breadwinners.<sup>iii</sup> Nearly two-thirds of minimum wage workers are women, and nearly six in ten workers in low-wage jobs are women.<sup>iv</sup>

Some of these women could be further hurt because the law repeals the individual mandate for health insurance coverage, which could cause up to 13 million Americans to lose health insurance and premiums to rise by 10 percent per year. Only 35 percent of women are insured through work, compared to 44 percent of men, and they interact more with the healthcare system throughout their lives.<sup>v</sup>

Many women heads of household also use the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC). We request that you study whether this law damages the CTC and EITC for working-class mothers: how it changes the income distribution of recipients, the share refunded, the share going to

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women-headed households, and the number of families who lose the credit. The majority of the CTC and its refundable portion (ACTC) provides tax relief to low- and middle-income families with children, making under \$50,000.<sup>vi</sup> This law makes the CTC available to couples earning above \$400,000. It also increases the refundable portion, but this increase will not be available to many low-income families.<sup>vii</sup> In addition, the law will take the tax credit away from 1 million children whose parents use tax identification numbers rather than Social Security numbers.

The EITC helps working people with children move out of poverty and to higher income brackets: in 2015, the EITC lifted the incomes of 2.3 million adults above the poverty line, including 1.4 million women.<sup>viii</sup> Approximately 62 percent of EITC benefits go to taxpayers making under \$20,000. According to CBO, the EITC increases employment and long-term wage growth for single mothers specifically.<sup>ix</sup> This tax law could erode the EITC's value by permanently adopting the chained Consumer Price Index inflation adjuster, forcing the maximum EITC to rise more slowly over time. We ask that you study how this tax law changes the value of the EITC and CTC, including for women-headed households.

In addition, we are concerned about whether the Treasury has sufficiently engaged middle-class and low-income women, and groups that represent them, in crafting and implementing this tax law. News reports indicate the Treasury is hastily administering changes, such as by issuing withholding guidelines before it has finalized withholding tables, in a way that disregards the needs of families and diverse stakeholders.<sup>x</sup> We ask that you examine how the Treasury has engaged women stakeholders in the past, such as through targeted outreach and gathering feedback, and whether it is still following the same procedures to engage them.

We request that GAO examine the following questions immediately and over a ten-year window:

1. Given evidence on the income distributions and family arrangements of U.S. households, does this tax law disproportionately impact women-headed households, broken down by income?
2. How do these changes to the Child Tax Credit change the income distribution of recipients and the share of the credit that is refunded (ACTC)? Does the new law change the share of the credit going to women-headed households? How many families have lost the credit, what share of these are women-headed, and how many lost it due to the Social Security number requirement?
3. How do this law's changes to the EITC change the income distribution of recipients and the share of the credit that is refunded? Does it change the share of the credit going to women-headed households? How many families have lost the credit and what share of these are women-headed households?
4. Describe how the Treasury, in implementing tax changes, engages stakeholders who represent working mothers, women heads of household, and low-income families to ensure implementation and guidance are responsive to their needs. Has the Treasury historically engaged in any of the following practices and did they follow the same practices in implementing this law?
  - a. Engaging these stakeholders in early planning and guidance;
  - b. Convening these stakeholders, such as in roundtables, to discuss issues related to implementation of tax credits including the EITC and CTC;



- c. Using standard policies, procedures, staff, data, reports, and methodologies for generating withholding tables, to ensure they do not disadvantage any particular taxpayers;
  - d. Conducting training of staff to ensure they understand the needs of these taxpayers;
  - e. Conducting outreach programs to women taxpayers, women heads of household, and taxpayer assistance organizations who serve them, to ensure they understand tax changes and take advantage of benefits available to them;
  - f. Investigating which messages or media are most effective at conveying tax changes and requirements to women taxpayers and women heads of household.
5. Is the Treasury collecting data to evaluate implementation of these changes? Does this include evaluating any specific or disproportionate effects on women-headed households?

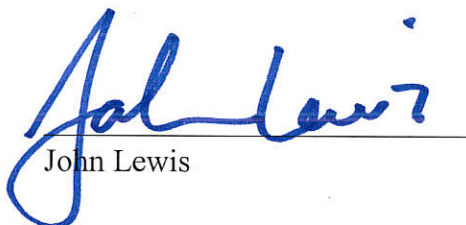
Thank you for your attention to this request. If you have questions, please contact Annika Christensen in Congresswoman Lawrence's office at [annika.christensen@mail.house.gov](mailto:annika.christensen@mail.house.gov) or at (202) 206-0364.

Sincerely,

  
Brenda L. Lawrence

  
Lois Frankel

  
Jackie Speier

  
John Lewis

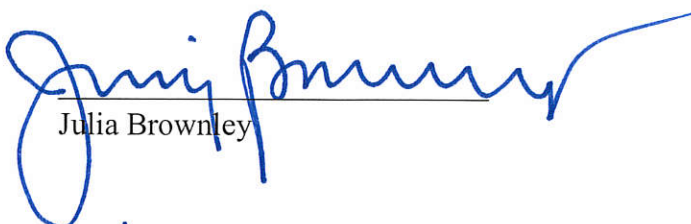
  
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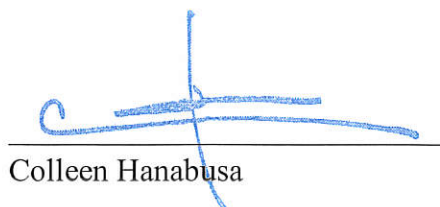
  
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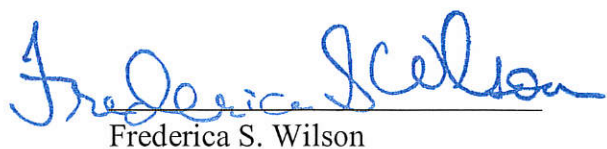
  
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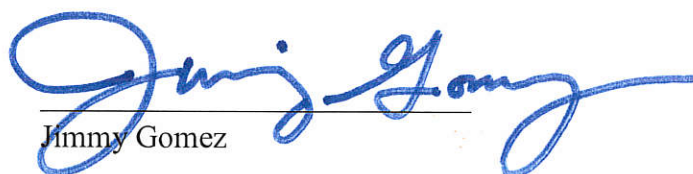
  
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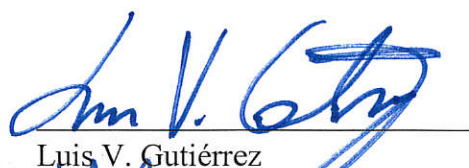
  
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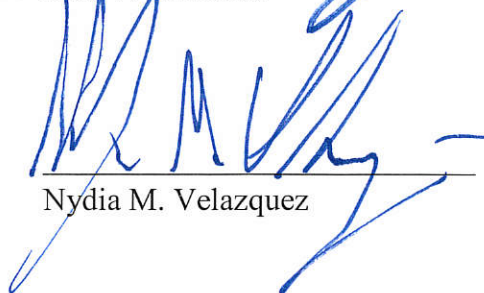
  
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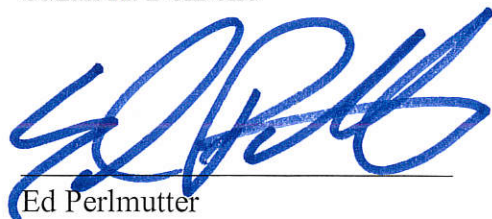
  
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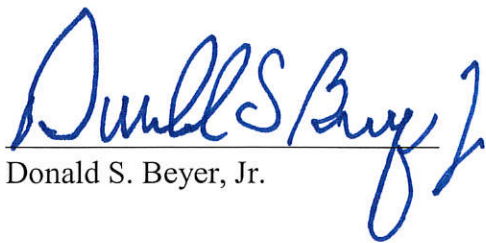
  
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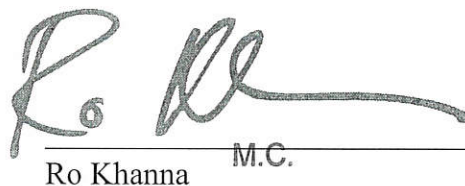
  
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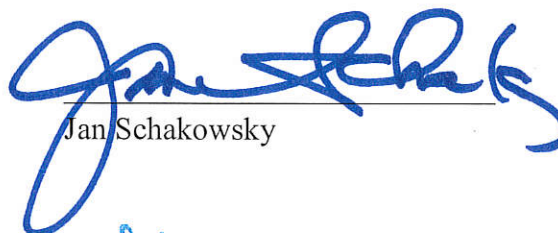
  
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Jan Schakowsky

  
Niki Tsongas

  
Dina Titus



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- <sup>ii</sup> Tax Policy Center, *Distributional Analysis of the Conference Agreement for the Tax Cuts and Jobs Act*, (December 18, 2017), <http://www.taxpolicycenter.org/publications/distributional-analysis-conference-agreement-tax-cuts-and-jobs-act/full>
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- <sup>viii</sup> National Women's Law Center, *Income Security: Public Programs Left Millions of Women and Children out of Poverty* (February 2017), <https://nwlc-ci49tixgw5lbab.stackpathdns.com/wp-content/uploads/2015/10/Public-Programs-Lift-Millions-of-Women-and-Children-Out-of-Poverty.pdf>.
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